

## RELATIONAL PSYCHOLOGICAL CONTRACT: A NEED FOR EFFECTIVE PERFORMANCE

SUNEET WALIA

Dr Hari Singh Gour Central University, Sagar, Madhya Pradesh, India

### ABSTRACT

*Expectation is the pedestal for every aspiration. From having a luxurious life to be the best employee and working with the best organization is the spirit of every professional. Human mind thinks it all and plans it all and wants it all. The tacit expectation at the time of making an application for a role profile elevates hopes on getting selected & binds every individual with his expectation. On the other hand organizations standing as forte of well defined rules & culture norms ready to pay the labor cost but expecting every penny back with good interest from its own resources.*

*Where organizations focus on employee's effective performance, employees intend to nurture their aspirations under the aegis of their organization. Hence a tussle between employee expectation and organizational expectations is best solved by the concept of psychological contract, where the exchange partners (employer & employees) have a scope to cast a best deal. This research article endeavors to explore the relevance of psychological contract especially in terms of human emotions, social exchange theory, with special usage of relational contract and contriving it for effective performance management.*

**KEYWORDS:** Psychological Contract, Performance, Management, Organization, Expectation, Relational Contract

Original Article

**Received:** May 29, 2016; **Accepted:** Jun 25, 2016; **Published:** Jun 29, 2016; **Paper Id.:** IJHRMRAUG20161

### INTRODUCTION

Productivity & performance are two terms often used synonymously in the corporate world. However, when it comes to measuring of individual performance or productivity there are only limited measures available. Organizations other than manufacturing units, consider the employability of an individual on the basis of the 'effective performance'. What defines effective performance is again an arduous task to explain? From target achievement to establishing healthy interpersonal relations & client/customer satisfaction are all inclusive. Moreover, behavioral problem, employee attitude, absenteeism, acceptance & practice of organizational objectives along with employee growth & development form the parameters of effective performance. Secondly the most demanding endeavor anticipated from every supervisor or Manager is to keep the above factors balanced & enable the generation of the right performance or in simple words manage performance.

Performance management began around 60 years ago as a source of income justification and was used to determine an employee's wage based on the performance. Organizations used performance management to derive behavior from the employees to get specific outcomes. In generic sense, a performance management process sets the platform for rewarding excellence by aligning individual employee accomplishments with the organizations mission & objectives & making the employee & the organization understand the importance of a specific job in realizing outcomes.

The question thus arises, as to what makes an employee work?

Some psychologists have taken the shoulder of the concept Neuroticism. They explained, neuroticism is a fundamental personality trait characterized by anxiety, fear, moodiness, worry, envy, frustration, jealousy & loneliness etc. Individuals who score high on neuroticism are more likely than the average to experience such feelings as anxiety, anger, envy, guilt & depressed mood. They respond more poorly to stressors, are more likely to interpret ordinary situations as threatening and minor frustrations as hopelessly difficult. At the opposite end of the spectrum, individuals who score low in neuroticism are more emotionally stable & less reactive to stress. Neuroticism is a long term tendency to be in a negative emotional state (Tallman & Bruning, 2008)

Costa & Mcrae (1992, Tallman & Bruning, 2008), reported that persons high in neuroticism are fearful, angry & depressed. Neurotics function as poor team performers, have a tendency to be less giving to others & have poor attitudes towards change (Kichku & wiesner, 1997; Organ,1994; Vakola et al. 2004, Tallman & Bruning, 2008). Further, Neuroticism has been found to be negatively related to self-esteem, self efficacy & locus of control (Judge et. al, 1998, tallman & Bruning,2008). Acceptance of job conditions & conforming to job requirements may be seen by neurotics as ways to gain approval of supervisors & co-workers, where as Conscientious people value duty, competence, self discipline & achievement (Costa & McCrae,1992; Tallman & Bruning,2008). Conscientiousness focuses on how people approach their work. People high in conscientiousness are committed to their work & they go beyond the job requirements (Raja et.al. 2004; Tallman & Bruning, 2008).

One of the main reasons as to why people work is to satisfy their certain requirements or aspirations in life. Thus all human beings have innate expectations with themselves & with their environment. They float this expectation in their every action of survival whether personal or professional.

Research has demonstrated that the employer employee relationship includes more than the organizations provision of compensation in exchange for employees performance of work related tasks (Rousseau,1995,2001; Zagenczyk, cruz, cheung, scott, kiewitz, Galloway,2014).

Professionally they join certain organizations to fulfill these aspirations. Thus beyond the compensation package & their job profile they tend to dwell upon tacit expectations from their organizations. However, when organizations hire people they regard them as a resource and crave to earn maximum profit through them. Hence it eyes on every action and behavior of every individual employee. Performance management is made of many activities that when managed holistically can lead to effective people management (Linda Ashdown, 2014). In recent times performance management has shifted from ‘controlling’ activity to one of partnership, where employer and employee share responsibility for delivering required levels of performance (Linda Ashdown, 2014).

The employment contract provides a formal, legal agreement between employer & employee and sets boundaries in which employment relationship should be conducted (Linda Ashdown, 2014). Along with the formal contract there arises many hopes and expectation that becomes the threshold of the bond and future relationship between the employer & employee. This is what is termed as psychological contract. Psychological contract is a dynamic employment characteristic (schalk and Roe 2007; Willem, Vos, & Buelens, 2010). Psychological contracts consists of individuals beliefs regarding the terms and conditions of the exchange agreements between themselves & their organization (Rousseau, 1989; Willem, Vos, & Buelens, 2010). Psychological contracts emerge when individuals believe that their

organizations has promised to provide them with certain rewards in return for the contributions they make to the organization (Turnley & Feldman, 2000; Willem, Vos, & Buelens, 2010). Further, psychological contract refers to the relationship between employee & employer in terms of the unwritten expectations that exists (Rousseau, 1989; Willem, Vos, & Buelens, 2010).

Thus this subject is of great interest for every Manager/Supervisor/Branch Head, & management that how a consummated psychological contract enables the generation of desired performance & stands as a pillar for an effective performance management system. In this article I provide an extensive review of literature understanding the role-play of psychological contract for generation and management of efficient performance.

## **METHOD**

Psychology, psychological contract, & Managing the performance of employee peripherals more of a philosophical approach rather than a concrete empirical approach. It is suggested that quantitative techniques do not adequately capture the idiosyncratic nature of the contract (Atkinson & Butcher, 2003; Conway & Briner, 2002; Aggarwal & Bhargava, 2009). Hence using the Theory based or operational sampling (Patton 1990), where I searched for the potential manifestation of the relevance of psychological contract to effect & support the management of performance of individual employees. To study as to what exactly is psychological contract a good number of research articles were taken under analysis. It was found that psychological contract concept has lot many dimensions associated to it.

Psychological contract consists of individuals beliefs regarding the terms & conditions of exchange agreement between themselves and their organization (Rousseau, 1989; Willem, Vos, Buelens, 2010). Psychological contracts emerge when individuals believe that their organization has promised to provide them with certain rewards in return for the contributions they make to the organization, (Turnley & Feldman, 2000; Willem, Vos, Buelens, 2010). Psychological contract is thus based on an individual's belief structure & thus is highly subjective & implicit. Given the subjective nature of psychological contract, in principle, there could be an indefinite number of psychological contracts that is only limited by the number of employees (Willem, Vos, Buelens, 2010).

The term psychological contract was originally coined & then utilized as an analytical heuristic by Argyris (1960) in his study of the informal exchange relationships that observed developing and occurring between shop floor staff & their supervisors in a manufacturing organization (Dick & Nadin, 2011). The psychological contract has achieved prominence as an investigative paradigm within organizational research (Marks, 2001; Dick & Nadin, 2011), providing a broad explanatory framework for understanding employees-organization linkages (Rousseau, 1989; McFarlane Shore & Tetrick, 1994; Guest, 1998 a; Atkinson, 2007). In generic terms, employees & employers have different perceptions regarding what organizations owe to them, while Rousseau gives emphasis on individuals' (employees) perception regarding organizational obligations, advocates of broad, Multilevel approach (Coyle-Shaprio & Kessler, 2000; Guest & Conway, 2002; Aggarwal & Bhargava, 2009). Psychological contract is an individual's perception regarding terms of exchange in employment relationship & lies in the "eye of beholder" (Rousseau, 1989; Aggarwal & Bhargava, 2009).

## **Dimensions of Psychological Contract**

**Psychological Contract- Individual Emotions & Trust:** While dealing with the emotions at the work place is important for employees & managers alike; managers are the target audience. Managers set the standard of emotional behavior, and have the power to create positive framework for staff through leadership & communication

(PENN, Behavioural Health, 2008).

Experiencing emotions is part of being human. “When one enters an organization every morning one does not just leaves one’s personal life behind. What you do and where you work inevitably becomes a part of who you are”. Thus emotions affect one’s ability to think, act & communicate effectively (PENN, 2008). According to The Behavioral Health Coaching Institute, emotions can harm employees, affect how they react to pressures & be the cause of low productivity & poor results. They state, “Emotional pain (described as pain that strips people of their self esteem & disconnects them from work) is an inevitable part of life (PENN, 2008). The importance of forging emotional bonds between the organization and the individual, which is central to the concept of relational contract, as Illouz (1997) points out, a dominant idea in managerial accounts of contemporary organizations, manifested in the notion that a ‘good’ manager is one who is able to demonstrate emotional competence (Dick & Nadin, 2011).

Along with emotions trust is argued to be fundamental to the psychological contract (Guest & Conway, 1998), albeit there is limited consideration of trust in respect of nature of the psychological contract that is, the extent to which it is transactional or relational, (MacNeil, 1985; Rousseau, 2004; Atkinson 2007). Trust is an individual propensity to trust, combined with an individual’s expectations about trustees future behavior (Dunn & Schweitzer, 2005; Mayer et.al, 1995; Bal, Chiaburu, Jansen, 2010). Robinson, 1996, found that the trust moderates the relation between contract breach & future trust. When deciding on how much effort to engage in for the organization, the effects of contract breach depends on the level of trust in the organization: employees who perceive high trust will feel more betrayed & consequently reduce their work & discretionary efforts (Bal, Chiaburu, Jansen, 2010). Trust may be based on fulfillment of basic task of the organization; employees may have low emotional attachment to the organization. However, if the trusted party (the organization) may contribute to personal motives of the employees, their emotional attachment will be higher & more is at stake in their relationship (Bal, Chiaburu, Jansen, 2010).

**Social Exchange Theory (Influencing Psychological Contract):** Social exchange refers to the social interactions between employees and organization potentially generating high quality long term relationships between employee and organization (Cropanzano & Mitchell, 2005; Bal, Chiaburu, Jansen, 2010). Social exchange theory proposes that social behavior is the result of an exchange process. The purpose of this exchange is to maximize benefits & minimize costs. According to this theory people weigh the potential benefits & risks of social relationships. When the risks outweigh the rewards people will terminate or abandon that relationship. Social exchange theory suggests that we essentially take the benefits and minus the costs in order to determine how much a relationship is worth. Positive relations are those in which the benefits outweigh the costs, while negative relationship occur when the cost are greater than the benefits. People with high quality social exchange relationships perceive breaches with less severe & less intentional. Furthermore, employees with low social exchanges will react more strongly to contract breaches because they lack the means to buffer the negative feelings associated with contract breach (Morrison & Robinson, 1997; Bal, Chiaburu, Jansen, 2010). For employees with high social exchanges, the way the organization treats the employees becomes important and consequential (Elangovan & Shaprio, 1988; K Wong and Leung, 2002; Bal, Chiaburu, Jansen, 2010).

According to social exchange theory (Blau, 1964) & Equity theory (Adams, 1963), people strive for balance between the contributions and the inducements they perceive as promised. Upon perceiving imbalance, they may attempt to restore balance by adjusting their own contributions or by renegotiating the exchange with the organizations. For instance paid employees experiencing organization over obligation tend to engage more in socialization activities as a

means of restoring balance (Payne et al., 2008). As a result most relationships tend to be balanced, and imbalanced relationships tend to be temporary (Shore & Barksdale, 1998; Vantil Borgh, Bidee, Pepermans, Willems, Huybrechts & Jegers, 2013).

**Transactional Contract:** Transactional contract has been defined as specific, monetisable exchanges between parties, the focus being on providing monetary remuneration for services provided by the employee (Demeuse et al; 2001) and establishing the notion of “a fair days work for a fair days pay” (Rousseau and Wade-Benzoni, 1994; (Dick & Nadin, 2011). Employees with a transactional psychological contract may expect financial and material exchanges for their work and have a short term commitment to their obligations. For example monetary incentives do become a source of motivating employees to focus & work harder but at the same time puts undue stress & hampers effective performance in the longer run. A transactional contract does not vary over time, has narrow scope, is public & observable by others, and tends to be associated with careerist motivations on the part of the employee (Rousseau, 1990). In general, employees who's psychological contract are portrayed as transactional base their contracts on financial rewards, money, & being paid on time (Bellou, 2009; DeCuyper & De Witte, 2006; De Vos, 2010). Because transactional psychological contracts are close ended, specific, and are based on extrinsic & economic factors, employees with this type of contract generally do not envision themselves working for their current organization in the long term. The short term perspective is due to the fact that employees with a transactional psychological contract are not driven by factors that facilitate loyalty to the organization (Ballou, 2013).

**Relational Contract:** employees with a relational psychological contract may believe that there is more to their relationships with their organization than economic exchange. A relational psychological contract is developed through non-economic, socio-emotional, and intrinsic factors founded on trust and organizational commitment. A relational psychological contract is open-ended, indefinite, dynamic, and has a broad scope (De Cuyper & De Witte, 2006; Rousseau, 1990). Employees who's psychological contract is portrayed as relational may base their contracts on status recognition, the chance to be creative (Bellou, 2009), job security, work/lifestyle balance, training (De Hauw & DeVos, 2010) career development (Bellou, 2009; De Hauw & Devos, 2010), and promotions (Alcover et al, 2012; Kickul & Lester, 2001; Rousseau, 1995) (Ballou, 2013). Hence for organizations where companies psyche forebodes bonding long term relationship with its employees, it enables the instrumentation of relational contracts. However the organization intends to constitute a more direct exchange of commitments and is more concerned with a ‘tit for tat’ economical transaction, it continues the practice of transactional contract (Rosie Curwen).

### Breach of psychological Contract

The term “breach of psychological contract” refers to failure to fulfill obligations. As the term psychological contract is essentially based upon expectations, mostly by the employees, hence non fulfillment of which upshots repercussions both on the employee performance and achievement of organizational objectives. To elaborate further, a psychological contract breach is defined as an employee's perception that his or her organization has failed to fulfill one or more obligations associated with mutual promises (Gakovic & Tetrck, 2003; Ballou, 2013). Whether the breach is real or perceived is betoken of variance. Perceived breach can & does occur in the absence of actual breach (Robinson, 1996) and perceptions of whether or not obligations are fulfilled are not always shared by employer and employee (Guest and Conway, 2001), arising from lack of mutuality in the contract, that is the extent to which the parties to the contract, share perceptions of its content (Dick & Nadin, 2011). Any action that is inconsistent with the employees belief in

a reciprocal obligation has the potential to create a perception of contract breach in the eyes of the employee (Rousseau, 1989; Ballou, 2013). Perceptions of breach arise from a complex & sometimes imperfect sense making process (Morrison & Robinson, 1997; Dick & Nadin, 2011) but whether the breach is real or perceived, its potential effects will be the same (Robinson & Morrison, 2000; Dick & Nadin, 2011). As Rousseau and Tijoriwala (1998, P. 692) note, “Central to the workings of psychological contracts is the interplay between employee & employer obligations their relative magnitude and contingent relations” (Shaprio & Kessler, 2002).

Gouldner, 1960, argued that the norm of reciprocity is universal in its demand, that is, people should help & not injure those who have helped them. Therefore the basic tenet of the reciprocity thesis is that the need to reciprocate is universal yet contingent upon the receipt of benefits (Shaprio & Kessler, 2002). According to the norm of reciprocity, obligations are imposed contingently that is, in response to the benefits conferred by others. As Gouldner (1960, p-174) states “when one party benefits another, an obligation is generated”--- In context of the employee-employer exchange, the employer in fulfilling its obligations to employees creates an obligation on the part of the employees & vice-versa, whereby, if employees fulfill their obligations towards their employer, an obligation is generated on the part of the employer (Shaprio & Kessler, 2002). Usually employee and employer often have different perceptions regarding what organizations owe to them. While Rousseau gives emphasis on individuals (employees) perception regarding organizational obligations, advocates of broad, multilevel approach (Coyle-Shaprio & Kessler, 2000; Guest & Conway, 2002; Aggarwal & Bhargava, 2009), believe that the perception of mutuality can be investigated only by incorporating both, the employee as well as the employer perspective regarding organizational obligations. The incongruence in the perceptions of the two parties results in perceived contract breach (Morrison & Robinson, 1997) that has deleterious effects on employee attitudes & behaviours (Zhao & Chen, 2008; Aggarwal & Bhargava, 2009).

### **Consequences of Breach:**

Psychological contract breach is negatively related to work performance (Turnley et al., 2003; Zaho et al., 2007; Bal, Chiaburu, Jansen, 2010). It is further seen in the past literature that when such contracts are not fulfilled- or-breached as employees respond with reduced performance, negative attitudes & withdrawal behavior (Zhao, Nayne, Glibkowski, & Bravo, 2007; Zagencayk, Cruz, Cheng, Scott, Kiewitz, Galloway, 2014) It may lead to violation, which in turn lead to intense attitudinal and behavioral reactions towards the employer (Morrison and Robinson, 1997; Atkinson 2007), involving anger, resentment and a sense of injustice (Rousseau, 1989; Robinson & Morrison, 1995; Roehling, 1997; Atkinson, 2007), & to dissatisfaction & possibly the dissolution of the relationship itself (Robinson & Rousseau, 1994; Atkinson, 2007).

Breaches of relational obligations are likely to have much stronger effects than breaches of transactional obligations (Robinson et. al, 1994), as employees place greater emphasis on the employment relationship itself and will thus be more negatively influenced by breach (Robinson & Rousseau, 1994; Atkinson 2007). Breach in a relational contract may change the nature of the social relationship (Mac Neil, 1985; Atkinson, 2007) leading to erosion of trust and relational obligations may destroy the relationship itself (Robinson et.al, 1994).

On the contrary, when organizations fulfills its promised obligations, employees may be motivated & engaged in discretionary behaviors, including increased efforts and organizational citizenship (OCB's; Coyle-Shapiro, 2002; Restbog and Bordia, 2006; Bal, Chiaburu, Jansen, 2010).

## DISCUSSIONS

Performance management is an important business system; it makes a difference in organizational performance (Roger Sumlin, DDI). Performance management is a critical business tool in translating strategy into results (1997, DDI, Roger Sumlin). Performance management is a strategic and integrated approach to delivering sustained success to organizations by developing the capabilities of teams and individual contributors (Armstrong & Baron, 2012). Performance management is concerned with outputs—the achievement of results and with outcomes – the impact made on performance. Performance management processes have a vital role in enabling the ongoing and two way communication of expectation in the employment relationship (Linda Ashdown, 2014).

Armstrong and Baron have discussed factors that affect performance:

- **Personal Factors:** The individuals skills, competence, motivation & Commitment
- **Leadership Factors:** The quality of encouragement, guidance & support provided by colleagues.
- **Team Factors:** The quality of support provided by colleagues
- **System Factors:** The system of work and facilities provided by the organization
- **Contextual (Situational) Factors:** Internal and external environmental pressures & changes

An employee who comes to an organization to work is affected & influenced by so many factors. But if he realizes & feels that he is in the haven of success where his aspirations shall be taken care of with respect, it elevates his zeal to perform. On the contrary if he experiences disruptions with his/her future plans & efforts, he/she perceives it to be a violation. Perceived organizational support explains (POS) when the employees belief concerning the extent to which the organization cares about them and values their contributions to the organization (Aselage & Eisenberger, 2003; Rhoades and Eisenberges, 2002; Bal, Chiaburu, Jansen, 2010). On the other hand, support from the organization bolsters employees' self esteem and gives the employee the feeling that the employer values them. Absence of contract breach, or high contract fulfillment creates a positive spiral in which employees reciprocate and increase the effort put in the job (Bal, Chiaburu, Jansen, 2010).

### Nurturing Relational Contract

The relational contract focuses on open ended relationships involving considerable investments by both employees and employers. Employee investments include the acquisition of organization-specific skills and long term career development, with employers investing in extensive employee development. Relational contracts typically include emotional involvement as well as economic exchange. Emotions in the workplace play a large role in how an entire organization communicates within itself and to the outside world. "Events at work have real emotional impact on participants. The consequences of emotional states in the workplace, both behavioral and attitudinal, have substantial significance for individuals, groups, and society" (Weiss, 2002). "Emotions normally are associated with specific events or occurrences and are intense enough to disrupt thought processes." (Brief, Weiss, 2002). Emotions are short-lived feelings that are formed specifically from a known occurrence. In the business world, emotions can have a huge impact on the overall morale, productivity and job performance of employees. The purpose of emotions is twofold. They can be used to create a positive work environment or, if neglected, can cause a negative place of work.

The currency of the relational contract is socio-emotional. Employees pledge their loyalty to the organization in exchange for security, career development and membership in an identity group. When their contract is perceived as relational, employees contribute their commitment and involvement to the organization, often in the form of organizational citizenship behaviors (Robinson & Morrison, 1995; Christeen George, 2009), with the belief that the organization will provide loyalty, a sense of community and opportunities for professional growth (Thompson & McLean Parks, 2003; Christeen George, 2009).

Those with relational contracts have a personal identification with their organization. They are concerned with the involvement of the whole person in terms of growth & development. The terms of the contract are both written and unwritten with some of the terms emerging overtime.

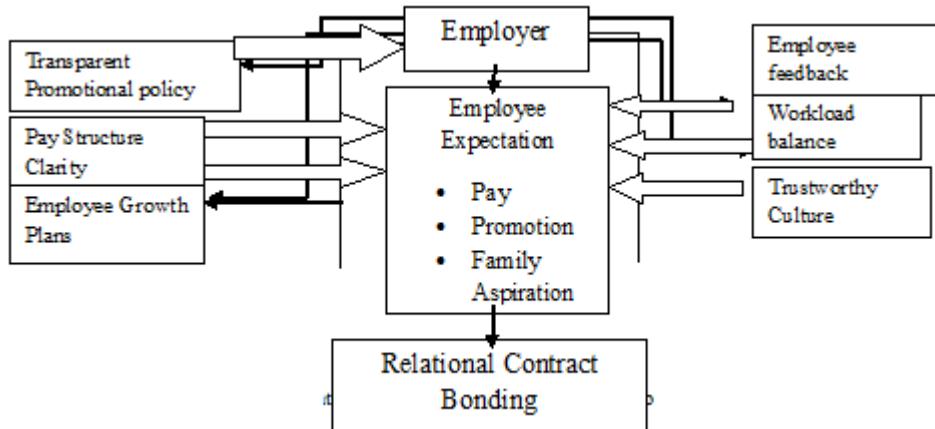
Relational contracts are dynamic & subject to change during the life of the contract. Relational contract theory was originally developed in the United States by the legal scholars Ian Roderick McNeil, and Stewart Macaulay. Organizations experience conundrum over the creation initiation and maintenance of relationship between the employees & the superiors/Management. However to generate the bonding between the individual employees & the organization is now an intractable task---- Relational contracts are more open-ended and relationship oriented. Employees who perceive their psychological contract to be relational develop identification with the values of the organization and internalize organizational values because such contracts involve an emotional involvement with the organization. In relational contracts employees are encouraged to believe that they will be employed over the long term and provided with training and career opportunities (Hallier and James, 1997)

Relational Contracting relies on a collectivistic or socialized model of human nature (Rousseau and McLean Parks, 1993, Christeen George, 2009), and entails a relatively more pervasive, comprehensive and renegotiable set of obligations. Individuals who form a relational contract with an organization have also been found to have levels of affective commitment (Irving and Bobocel, 2002, Christeen George, 2009). These investments bring with them a high level of interdependence and barriers to exit.

### Risks with Relational Contract

Relational contracts on account of their characteristics are assumed to provoke stronger emotional reactions. An employee who previously had a relational contract may withdraw some of their pro-role behaviors and may for example; stop sharing their innovations with the organization, if some or all his expectations from the organization is perceived to be violated. If there was a further violation, their contract may then move from relational to transactional. Moreover, contract breach among people with high perceived organizational support may cause feelings of betrayal, because the support they received was not in the line with the psychological contract they had with their organization (Bal, Chiaburu, Jansen, 2010). Similarly employees who perceive high trust will feel more betrayed & consequently reduce their work & discretionary efforts (Bal, Chiaburu, Jansen, 2010). Breach in a relational contract may change the nature of the social relationship (Mac Neil, 1985), leading to the erosion of trust relational obligations on the part of both the employer and employee. Indeed, breaching relational obligations may destroy the relationship itself (Robinson et.al, 1994; Atkinson, 2007).

### Bonding with Relational Contract: by Suneet Walia



**Figure 1**

Thus in the above Model it is evident that the general expectation of an employee are in terms of his/her pay, promotion and that he/she can cater to their family requirements. If these expectations are fulfilled by the employer/organization, which is not an arduous task, through transparency in work policies of growth, pay-scales and promotions, it can easily beget employee commitment and loyalty. Moreover every employee is emotionally affected when his/her minimum requirements are fulfilled. Thus this strengthens the relational bond leaving no scope for violation.

### CONCLUSIONS

As already stated employees' and employers are regarded as exchange partners. For employees with high social exchanges, the way the organization treats, the employees become important and consequential (Elangovan and Shaprio, 1988; K Wong and Leung, 2002; Bal, Chiaburu, Jansen 2010). Hence they feel more betrayed by contract breaches than employee's low social exchanges (Robinson and Morrison, 1995; Bal, et.al, 2010). As a result these employees reciprocate to breaches by reducing their job performance and diminishing discretionary efforts (OCB's; Turnley et.al, 2003; Bal, et.al, 2010). The appraisal of one's psychological contract emerges from the cognitive assessment of the coherence between the perceived terms of employment agreement & what has been delivered by the employer. When a discrepancy occurs, individuals will presumably increase or reduce their participation & involvement in the organization (Guerrero & Herrbach, 2008).

Blau (1964) argues that individuals will try to avoid feeling indebted to their exchange partner & will take steps to create a positive imbalance as a means of avoiding indebtedness. Employees, therefore, may reciprocate future benefits as a way of creating a positive imbalance and also to ensure that future benefits are realized (Shaprio & Kessler, 2002).

Research has suggested that fulfilling the psychological contract creates feelings of being valued, which leads to positive affective outcomes (Coyle-Shapiro and Kessler, 2000; Guerrero & Herrbach, 2008). Whereas breach can lead to feelings of violation; fulfilled promises may generate positive affect at work and the experience of an emotional "uplift" (Lower and Yoon, 1996; Guerrero & Herrbach, 2008). This feeling emerges from the individual's perception that he/she was delivered (Guerrero & Herrbach, 2008). Hence psychological contract fulfillment reflects the quality of exchange process between employer & employee, such that individuals feel that they are more or less obliged towards their organization in return for the delivery of inducements by the employer (Coyle-Shapiro, 2002; Guerrero & Herrbach, 2008).

Conway & Briner (2002 a, b) indeed showed that met obligations are related to positive affective states such as enthusiasm, self worth, being cared for (Guerrero & Herrbach, 2008). Milward and Brewerton (2000) even explicitly considered that POS is a “surrogate” for, or can be viewed as symbolizing psychological contract fulfillment; as such, they stated that perceived organizational support is an example of an “indirect” measure of contract fulfillment (P. 35) (Guerrero & Herrbach, 2008).

The fulfillment of psychological contract endorses an assurance for every employees hope and expectations that the promises are well kept and employee aspirations shall be met with. The tacit emotional expectations when fulfilled create a strong bond between the employee and the organization as the employees perceive fairness between his obligations and rewards. Thus such employees are happier to perform their best and focus on the organizational objective achievement.

## REFERENCES

1. Annick Willem, Ans De Vos & Marc Buelens (2010) *Comparing Private and Public Sector Employees' Psychological Contracts*, *Public Management Review*, 12:2, 275-302, DOI: [10.1080/14719031003620323](https://doi.org/10.1080/14719031003620323).
2. Penny Dick & Sara Nadin (2011) *Exploiting the exploited: The psychological contract, workplace domination and symbolic violence*, *Culture and Organization*, 17:4, 293-311, DOI: [10.1080/14759551.2011.590306](https://doi.org/10.1080/14759551.2011.590306).
3. Carol Atkinson, (2007), "Trust and the psychological contract", *Employee Relations*, Vol. 29 Iss 3 pp. 227 -246, <http://dx.doi.org/10.1108/01425450710741720>.
4. Rick R.J. Tallman Nealia S. Bruning, (2008), "Relating employees' psychological contracts to their personality", *Journal of Managerial Psychology*, Vol. 23 Iss 6 pp. 688 – 712. <http://dx.doi.org/10.1108/02683940810894756>.
5. Upasana Aggarwal Shivganesh Bhargava, (2009), "Exploring psychological contract contents in India: the employee and employer perspective", *Journal of Indian Business Research*, Vol. 1 Iss 4 pp. 238 – 251, Permanent link to this document: <http://dx.doi.org/10.1108/17554190911013274>.
6. P. Matthijs Bal & Dorien Kooij (2011) *The relations between work centrality, psychological contracts, and job attitudes: The influence of age*, *European Journal of Work and Organizational Psychology*, 20:4, 497-523, DOI: [10.1080/13594321003669079](https://doi.org/10.1080/13594321003669079).
7. Tim Vantilborgh, Jemima Bidee, Roland Pepermans, Jurgen Willems, Gert Huybrechts & Marc Jegers(2013) *From “getting” to “giving”: Exploring age-related differences in perceptions of and reactions to psychological contract balance*, *European Journal of Work and Organizational Psychology*, 22:3, 293-305, DOI: [10.1080/1359432X.2012.721354](https://doi.org/10.1080/1359432X.2012.721354).
8. Sylvie Guerrero, Olivier Herrbach, (2008), "The affective underpinnings of psychological contract fulfilment", *Journal of Managerial Psychology*, Vol. 23 Iss 1 pp. 4 – 17, <http://dx.doi.org/10.1108/02683940810849639>.
9. Aaron Cohen, (2012), "The relationship between individual values and psychological contracts", *Journal of Managerial Psychology*, Vol. 27 Iss 3 pp. 283 – 301, <http://dx.doi.org/10.1108/02683941211205826>.
10. Thomas J. Zagenczyk, Kevin S. Cruz, Janelle H. Cheung, Kristin L. Scott, Christian Kiewitz & Bret Galloway (2014): *The moderating effect of power distance on employee responses to psychological contract breach*, *European Journal of Work and Organizational Psychology*, DOI: [10.1080/1359432X.2014.961432](https://doi.org/10.1080/1359432X.2014.961432).
11. Jacqueline A.-M. Coyle-Shapiro & Ian Kessler (2002) *Exploring reciprocity through the lens of the psychological contract: Employee and employer perspectives*, *European Journal of Work and Organizational Psychology*, 11:1, 69-86, DOI: [10.1080/13594320143000852](https://doi.org/10.1080/13594320143000852).

12. Robert Westwood, Paul Sparrow & Alicia Leung (2001) Challenges to the psychological contract in Hong Kong, *The International Journal of Human Resource Management*, 12:4, 621-651, <http://dx.doi.org/10.1080/09585190122611>.
13. Yongjian Bao, Bradley Olson, Satyanarayana Parayitam & Shuming Zhao (2011) The effects of psychological contract violation on Chinese executives, *The International Journal of Human Resource Management*, 22:16, 3373-3392, DOI: <10.1080/09585192.2011.560881>.
14. Nele De Cuyper, Thomas Rigotti, Hans De Witte & Gisela Mohr (2008) Balancing psychological contracts: Validation of a typology, *The International Journal of Human Resource Management*, 19:4, 543-561, DOI: <10.1080/09585190801953590>.
15. Sabine Raeder, Ursula Knorr & Martin Hilb (2012) Human resource management practices and psychological contracts in Swiss firms: an employer perspective, *The International Journal of Human Resource Management*, 23:15, 3178-3195, DOI: <10.1080/09585192.2011.637066>.
16. Mohammad Tanvi Nevaz, *The Role of Performance Management SystemIn Shaping Psychological Contract:A Case Study Approach*, International Journal of Business & Management tomorrow, Vol2 No.3, ISSN: 2249-9962 [http://www.academia.edu/1781147/The\\_Role\\_of\\_Performance\\_Management\\_System\\_In\\_Shaping\\_Psychological\\_Contract\\_A\\_Case\\_Study\\_Approach](http://www.academia.edu/1781147/The_Role_of_Performance_Management_System_In_Shaping_Psychological_Contract_A_Case_Study_Approach).
17. Christeen George, 2009 *The Psychological Contract: Managing and Developing Professional groups* ISBN-13: 978-0-07-107749-1, The McGraw Hill Edition 2011.
18. Patton, M. (1990). *Qualitative evaluation and research methods* (pp. 169-186). Beverly Hills, CA: Sage.
19. Roger Sumlin, *Performance Management: Impacts and Trends* Development Dimensions International, White Paper.
20. Michael Armstrong & Angela Baron, 2012, *Performance Management: A Strategic and Integrated Approach to Achieve Success*, ISBN: 81-7224-852-0, Jaico publishing House.
21. Linda Ashdown, 2014, *Performance Management*, E-ISBN: 978-0-7494-6998-6, British Liberry cataloguing-in-publication-data, <https://books.google.co.in/books?id>. Dt: 02/01/16.
22. Neuroticism, <https://en.wikipedia.org/wiki/Neuroticism>, dt 17<sup>th</sup> dec'15
23. Keeping the Right People, <http://hr council.ca/hr-toolkit/keeping-people-performance-management.cfm>, dt 18<sup>th</sup> dec2015.
24. Performance Management - Meaning, System and Process, <http://www.managementstudyguide.com/performance-management.htm>, dt 18th dec'2015.
25. PENN Behavioral Health Corporate Service 2008, Dealing with emotions at work: [http://www.pennbehavioralhealth.org/documents/dealing\\_with\\_emotions\\_at\\_work.pdf](http://www.pennbehavioralhealth.org/documents/dealing_with_emotions_at_work.pdf). dt 20thdec 2015.
26. What Is Social Exchange Theory? <http://psychology.about.com/od/sindex/g/socialexchange.htm>.
27. Nichole Simone Ballou San Jose State University, 2013, *The Effects of Psychological Contract Breach on Job Outcomes* : [http://scholarworks.sjsu.edu/etd\\_theses](http://scholarworks.sjsu.edu/etd_theses).
28. Rosie Curwen, The Psychological Contract Are unmet expectations harming your employee relationships? <https://cdn.auckland.ac.nz/assets>. dt 21/12/15.
29. Relational Contract, Wikipedia, [https://en.wikipedia.org/wiki/Relational\\_contract](https://en.wikipedia.org/wiki/Relational_contract).dt 22/12/2015.
30. The Psychological contract, White Paper, OPP ltd, [https://www.opp.com/~/media/Files/PDFs/White\\_papers/psychological-contract.pdf](https://www.opp.com/~/media/Files/PDFs/White_papers/psychological-contract.pdf).
31. ERC, 2013, When work gets personal: Managing Emotional Employees, <http://www.yourerc.com/blog/post/When-Work-Gets-Personal-Managing-Emotional-Employees.aspx>.

32. *Emotions in the workplace*  
[http://positiveemotions.gr/index.php?option=com\\_content&view=article&id=49&Itemid=71&lang=en](http://positiveemotions.gr/index.php?option=com_content&view=article&id=49&Itemid=71&lang=en), 04/01/16.

33. *Jennifer Lombardo, Emotions in the Workplace: Purpose & Functions*, <http://study.com/academy/lesson/emotions-in-the-workplace-purpose-functions.html>, 04/01/16.